

Internal Revenue Service
District Director

Department of the Treasury

Post Office Box 11202, OFO
Brooklyn, NY 11202

Date: MAR 18 1997

Person to Contact:

Contact Telephone Number:

Refer Reply to:

Form Number:

Employer Identification
Number:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for tax-exempt status under section 501(c)(3) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED] in [REDACTED]

The purposes for which the corporation was formed are as follows:

- to enhance the [REDACTED] Surname by research and sharing of information.
- to sponsor the development, publication and distribution of a rigorously researched [REDACTED] Genealogy more up-to-date and complete than all previous and similar works.
- to inform the membership by issuance of timely newsletters, notices, bulletins and other means of communication including electronic media.
- to sponsor family reunions at various regional locations and schedule annual meetings at pre-determined locations.
- to collect annual dues and contributions necessary to cover operating expenses, sponsor reunions and banquets; and sponsor the costs of publication of any printing materials approved by the Board of Directors as needed.

The information submitted with your application Form 1023 indicates that your primary activity consists of sponsoring the development, publication and distribution of an up-to-date good [REDACTED] Genealogy. Your activities will also include an annual contribution to a needy cause as it relates to your interest and participation in the Global Community; and you will offer an [REDACTED] scholarship to a worthy candidate as it relates to an [REDACTED] student's ambition in genealogy. In addition, you will [REDACTED] a newsletter and timely bulletins to inform the member [REDACTED] and sponsor annual meetings and family reunions.

As stated in Article III of your Articles of Organization, "the [redacted] is an open association with no discriminatory policies with regards to surname, race, creed or color. The emphasis, however, is directed solely at the furthering of [redacted] and [redacted] which is intended to benefit all members and their families and to provide future [redacted] generations a true, accurate and up-to-date representation of [redacted] Ancestry."

Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, religious, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

In order to qualify under IRC 501(c)(3), an organization must be both "organized" and "operated" exclusively for one or more purposes specified in that section. If the organization fails to meet either the organizational test or the operational test, it is not exempt. (Regs. 1.501(c)(3)-1(a)(1)). The organizational test relates to the rules for governing an organization and the purposes stated in its articles of organization. The operational test relates to the organization's activities.

Section 1.501(c)(3)-1(c)(1) of the Regulations states that if more than an insubstantial part of an organization's activities is not in furtherance of exempt purposes, the organization will not be regarded as exempt.

In Peltier Business Bureau v. U.S., 326 U.S. 279 (1945), the Supreme Court stated that the presence of even a single, non-exempt purpose, if more than insubstantial in nature, will defeat exemption under Section 501(c)(3) of the Code, regardless of the manner or importance of the truly exempt purposes.

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations provides, in part, that an organization is not organized or operated exclusively for one or more of the purposes mentioned in section 501(c)(3) of the Code unless it serves a public rather than a private interest. An organization may not be exempt if it is operated for the benefit of private individuals.

"The Callaway Family Association, Inc. v. Commissioner, 71 T.C. 340 (1978)", held that a family association formed as a nonprofit organization to study immigration to and migration within the United States by focusing on its own family history and genealogy does not qualify for exemption under section 501(c)(3) of the Code. The court stated that the association's family genealogical activities were not insubstantial and were not in furtherance of an exempt purpose. Rather, they served the private interests of the members. Thus, the association was not operated exclusively for exempt purposes. See also, "Benjamin Price Genealogical Association v. United States, Civil No. 78-2117 (D.D.C., April 26, 1979)."

Like the organizations described in the aforementioned court cases, the compilation, publication, preservation and distribution of genealogical data by your organization has some educational value to the individual member. However, when these activities do not advance education to benefit the public interest within the meaning of section 1.501(c)(3)-1(d)(1)(ii) of the regulations. Any benefit to the general public is merely incidental to the private benefit accruing to family members.

Therefore, we have determined that you are not operated exclusively for educational or other exempt purposes stated in section 501(c)(3) of the Code.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(3) of the Code and propose to deny your request for exemption under that section.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

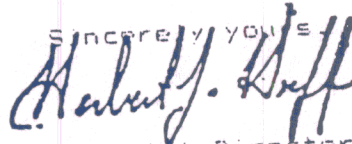
Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time this determination will be considered final and the appropriate State Officials will be notified.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

District Director

Enclosure: Publication 892